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Budget Committee Testimony

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Prepared for : ***The Legislative Budget Committee***

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Good Morning Mr. Chairman and Committee Members. My name is Major Robinson. I am the President of Redstone Consulting, an Indian-Owned Project Planning and Development firm located in Billings, Montana. I am here to speak in support of the Montana Indian Equity Fund Program with the Department of Commerce.

As a Northern Cheyenne Tribal member, having owned and operated businesses on and off the reservation for the past 30 years, I know from first hand experience the challenges facing Indian business owners. To give you an idea, in a typical reservation economy, where unemployment hovers between 40 & 50%, tribal and federal government account for 80% of the employment opportunities with the private sector providing the remaining 20%. Compared to off the reservation where typical state governments provide 20% of employment opportunities and private business provides the remaining 80%. In this type of a scenario most tribal members don't see much of a future in starting and sustaining their own businesses. In further comparison, as tribal members we represent approximately 7% of Montana's population yet as Indian business owners we represent a mere 2% of all Montana businesses. We need to do better.

One of the largest barriers to starting and expanding a business in Indian Country is access to capital, or rather, lack of access to capital. This exists for a number of reasons including:

1. Restrictions for homeowners to use accrued home equity for business purposes
2. Lack of traditional loan collateral as determined by lending institutions
3. Lack of adequate loan repayment tribal regulations
4. Lender fear of securing loans on Indian reservations

This critical need for capital is what inspired the Montana Indian Equity Fund concept. Originated in 2007, in discussions with the Montana Indian Business Alliance, the State & Tribal Economic Development Commission and the Montana Department of Commerce, this idea of innovative gap funding providing leverage for additional commercial loans was initiated. Since it's inception 4 years ago, the MIEF has helped to grow a total of 53 Indian businesses. By providing \$350,000 in business capital to these new or expanding businesses the MIEF has helped them to leverage an additional \$1.5 million in loan capital. This equates to an average of \$30,000 in loan capital for each individual Indian business.

I have spoken at or attended many Indian economic development conferences around the country and when I speak of the MIEF I often hear how Indian business owners in that state wish they had a similar option available. This program is having a positive impact on private sector development in our Indian communities, where it is needed most. I implore this committee to vote in favor of continuing this much needed funding.

Thank you.